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**Improving the financial situation of the United Nations**

# Financial situation of the United Nations

## Report of the Secretary-General

*Summary*

The present report reviews the financial situation of the United Nations as at 2 October 2015 and provides an update to the information presented in the previous report of the Secretary-General (A/69/520/Add.1 and Corr.1).

The report focuses primarily on four financial indicators: assessments issued, unpaid assessments, available cash resources and the Organization's outstanding payments to Member States.

Overall financial indicators for 2015 were generally sound and positive, with the exception of the regular budget cash position. Regular budget cash is currently exhausted and the related reserves are being drawn upon. Severe cash problems will be experienced in the final months of the year, unless sufficient contributions are received. Cash balances are projected to remain positive for the international tribunals and peacekeeping operations. The level of outstanding payments to Member States for troops and formed police units and contingent-owned equipment is projected to further decrease by year's end.

A significant amount of assessments remains unpaid. Given the limited reserves available, the financial health of the Organization continues to depend on Member States meeting their financial obligations in full and on time.

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# I. Introduction

1. The present report provides an update on the financial situation of the United Nations presented to the General Assembly by the Secretary-General in his previous report (A/69/520/Add.1 and Corr.1). It mainly reviews the financial indicators as at 2 October 2015, and provides a comparison with situations as at 2 October 2014 (see A/69/520) and 31 December 2014.

2. In the present report, the financial situation of the United Nations is considered on the basis of four main financial indicators that have been used to measure the strength of the Organization: assessments issued, unpaid assessed contributions, available cash resources, and the Organization's outstanding payments to Member States.

# II. Review of the financial situation as at 2 October 2015

3. The financial situation as at 2 October 2015 reflects a decrease in the level of assessments issued for the tribunals and increases for the regular budget and peacekeeping operations. Unpaid assessments were higher for the regular budget and the tribunals and lower for peacekeeping operations than they were one year ago. The level of outstanding payments to Member States is projected to further decrease by the end of 2015. Overall, the financial indicators for 2015 are positive, although the regular budget cash position during the last quarter of the year continues to be a major concern. The final outcome will largely depend on incoming contributions during the remaining part of the year.

## A. Regular budget

4. In 2015, assessments for the regular budget were issued at a level of $2.77 billion, $159 million above the level in 2014. Payments received by 2 October 2015 were also higher, at $2.25 billion, compared to the amount of $2.04 billion received by the same date in 2014. Unpaid assessments at 2 October 2015 totalled $1.05 billion, that is $16 million above the level outstanding a year earlier.

5. As at 2 October 2015, 128 Member States had paid their regular budget assessments in full, that is three more than on 2 October 2014. The Secretary-General wishes to thank the 128 Member States that have honoured their obligations for the regular budget in full and urges the remaining 65 Member States to follow their example.

6. The amount of $1.05 billion that remained outstanding as at 2 October 2015 was highly concentrated among few Member States. The final financial picture for 2015 will largely depend on the action taken by those Member States in the coming months.

7. Cash resources for the regular budget under the General Fund, into which assessed contributions are paid, include the Working Capital Fund, at the level of $150 million set by the General Assembly, and the Special Account. At the end of 2014, there was a shortfall of $81 million, which was fully covered by the Working Capital Fund. As at 2 October 2015, the cash shortfall was $73 million, also covered by the Working Capital Fund. Taking into account the Special Account, at

$199 million, a total of $276 million was available under the General Fund by the same date.

8. This cash position takes into account a number of transactions effected in 2015 in accordance with resolution 69/274 A. By that resolution, adopted in April 2015, the General Assembly authorized the transfer of $154.9 million from the General Fund to finance the final shortfall of the capital master plan. A total of $109.9 million has been transferred, which included $36.6 million from the Special Account, in accordance with the resolution. The remaining $45 million will be financed and transferred in the context of the next regular budget assessment under the General Fund.

9. The regular budget has experienced cash shortfalls since August 2015, which were alleviated by incoming contributions in September. However, more severe cash problems will arise in the final months of 2015 unless sufficient contributions are received. The cash position will continue to be monitored closely. The final position at the end of 2015 will depend largely on the payments made by the Member States in the coming months.

## B. Peacekeeping operations

10. The changing demand for peacekeeping activities makes it hard to predict financial requirements. In addition, peacekeeping has a different financial period, running from 1 July to 30 June rather than by calendar year; assessments based on applicable scale of assessment periods are issued separately for each operation; and, since assessment letters may only be issued through the mandate period approved by the Security Council for each mission, they are issued for different periods throughout the year. All of those factors complicate a comparison between peacekeeping operations and the regular budget.

11. The unpaid amount for peacekeeping operations as at 2 October 2015 was $1.46 billion. A total of $6.2 billion has been assessed for peacekeeping operations in 2015. Contributions received so far in 2015 amount to $6 billion, almost matching the amounts assessed for the present year.

12. Owing to the unpredictable amount and timing of peacekeeping assessments throughout the year, it can be difficult for Member States to keep fully current with them. The Secretary-General therefore wishes to express special gratitude to the 23 Member States that by 2 October 2015 had paid all peacekeeping assessments that were then due and payable.

13. The amount of cash available for peacekeeping operations as at 2 October 2015 was approximately $4.3 billion, with $3.9 billion in the accounts of active missions, $255 million in the accounts of closed missions and $139 million in the Peacekeeping Reserve Fund.

14. With regard to outstanding payments to Member States, the Secretariat has continued to make every effort towards minimizing the level of those payments. Outstanding payments amounted to $779 million at the end of 2014 and to $1,038 million as at 2 October 2015. Based on the review of incoming peacekeeping cash, additional payments were made in early October, reducing the level to $597 million as at 9 October, and it is projected that this amount will further decrease to $577 million by the end of 2015.

15. As of 2 October 2015, $314 million was owed to Member States for troops and formed police units. With regard to contingent-owned equipment claims, $638 million was owed for active missions and $86 million for closed missions. Those components add up to $1,038 million.

16. Following the additional payments made in early October, the amount owed to Member States for troops and formed police units was reduced to $48 million. With regard to contingent-owned equipment claims, $463 million was owed for active missions and $86 million for closed missions. The overall outstanding amount had been reduced to $597 million as at 9 October 2015. The related payment situation on that date was as follows:

(a) Payments for troops and formed police unit costs for all missions were current up to July/August 2015, except for the United Nations Mission for the Referendum in Western Sahara (MINURSO), which was current up to July 2014, owing to insufficient cash availability in the special account for that mission;

(b) Payments for contingent-owned equipment in the active missions were current up to June 2015 for all missions where claims were certified, with the exception of MINURSO, which was current up to July 2014.

17. The Secretary-General is committed to meeting obligations to Member States providing troops and equipment as expeditiously as possible. In that regard, the peacekeeping cash flow situation is being monitored closely, with a view to maximizing quarterly payments to Member States on the basis of cash and data availability. To do so, however, the Organization depends on Member States honouring their financial obligations in full and on time, and also on the expeditious finalization of memorandums of understanding with troop contributors for the provision of equipment.

## C. International tribunals

18. The international tribunals comprise the International Criminal Tribunal for Rwanda, the International Tribunal for the Former Yugoslavia and the International Residual Mechanism for Criminal Tribunals. The overall financial position of the tribunals remained generally sound in 2015. As at 2 October 2015, unpaid assessments for the tribunals amounted to $69 million, which was higher, by $9 million, than the amount outstanding on 2 October 2014.

19. As at 2 October 2015, 94 Member States had paid their assessed contributions to both Tribunals and the International Residual Mechanism in full, which is four fewer than the number in 2014. The Secretary-General wishes to express his appreciation to the 94 Member States that have met their obligations in full, and urges other Member States to pay their contributions to the International Tribunals in full and on time.

20. The month-by-month position of cash balances for the tribunals were positive in 2013, 2014 and, so far, in 2015, and are expected to remain solid through the year's end. The final position will depend on incoming payments from Member States during the final months of 2015.

## D. Capital master plan

21. A total of $1.87 billion was assessed under the special account for the capital master plan. As at 2 October 2015, the bulk of the assessed contributions had been received, with $0.3 million still outstanding. The capital master plan had experienced cash shortfalls since December 2014. In April 2015, the General Assembly decided on arrangements to finance the final shortfall of the project and, by its resolution 69/274 A, authorized the transfer of $154.9 million from the General Fund to the project. In accordance with that resolution, a total of $109.9 million has been transferred to date, with the remaining $45 million to be financed and transferred in the context of the next regular budget assessment under the General Fund.

22. Over the years, Member States have extended full support to the capital master plan, as demonstrated by the number of Member States that have paid in full for the project. The Secretary-General wishes to express his gratitude to the 183 Member States that had paid their assessments in full by 2 October 2015, and urges the other Member States to make their payments as soon as possible, to allow for final closure of the accounts.

# III. Conclusions

23. The Secretary-General wishes to pay special tribute to the Member States that had paid their assessments that were due and payable in full as at 15 October 2015, namely: Australia, Canada, Denmark, Finland, Germany, Hungary, Iceland, Ireland, Israel, Japan, Liechtenstein, Luxembourg, Monaco, Montenegro, the Netherlands, New Zealand, Norway, Samoa, Senegal, Sierra Leone, Singapore, Sweden, Thailand and the United Republic of Tanzania. Member States from which payments were received after 15 October 2015 include Georgia, Kenya and Switzerland, bringing the total to 27.

24. Cash positions are currently positive for all categories except the regular budget. Regular budget cash is currently exhausted, and reserves are already being drawn upon. More severe cash problems will be experienced in the final months of the year, unless sufficient contributions are received.

25. Although there is an increase in the number of Member States paying in full for the regular budget, unpaid regular budget assessments remain at a significant level and continue to be highly concentrated.

26. The Secretariat continues to make every effort to expedite outstanding payments to Member States providing troop- and contingent-owned equipment, based on the level of peacekeeping cash. In that regard, payments were made during the month of September, and again on 9 October 2015, reducing the level of outstanding payments significantly. That amount is projected to further decrease to $577 million by the end of 2015.

27. Given the limited reserves available, the financial health of the Organization continues to depend on Member States meeting their financial obligations in full and on time.